



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FULTON COUNTY CLERK**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY
FULTON COUNTY
LESIA LARUE, COUNTY CLERK
CALENDAR YEAR 1999
FEE AUDIT

Description of Office:

The County Clerk has been charged with the responsibility of licensing all motor vehicles and boats, collecting sales and property taxes on the same, registering voters, tabulating election results, and recording all manner of deeds, real estate, and chattel mortgages as well as a myriad of other recordings. The County Clerk is also responsible for the collection of delinquent taxes and fees on delinquent tax bills received from the County Sheriff each year.

Audit Results:

The Auditor of Public Accounts has issued an unqualified opinion on the County Clerk's financial statements for calendar year 1999. An unqualified opinion is an opinion issued when the auditor, based on the audit work performed, believes the financial statements of the auditee are presented fairly in all material respects. There were no comments or recommendations in the audit report.

Receipts and Disbursements:

The financial statements of the County Clerk for calendar year 1999 reflect receipts and disbursements of \$1,146,412 and \$1,079,049 respectively.

Excess Fees:

The County Clerk paid excess fees of \$10,124 to the county for calendar year 1999.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Harold Garrison, Fulton County Judge/Executive
Honorable Lesia LaRue, Fulton County Clerk
Members of the Fulton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Fulton County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Harold Garrison, Fulton County Judge/Executive
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Members of the Fulton County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated December 8, 2000, on our consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 8, 2000

FULTON COUNTY
 LESIA LARUE, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

Library and Archives State Grant	\$	1,608
State Fees For Services		4,734
Fiscal Court		5,135
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	\$	141,377
Usage Tax		448,493
Tangible Personal Property Tax		411,636
Licenses-		
Fish and Game		6,545
Marriage		3,243
Occupational		745
Deed Transfer Tax		15,587
Delinquent Tax		56,650
		1,084,276
Fees Collected for Services:		
Recordings-		
Deeds, Easements, and Contracts	\$	6,097
Real Estate Mortgages		8,970
Chattel Mortgages and Financing Statements		28,300
Wills		410
Deeds of Release		3,419
All Other Recordings		741
Charges for Other Services-		
Miscellaneous		849
		48,786
Other:		
Notary Public	\$	304
Miscellaneous		352
		656
Interest Earned		1,217
Gross Receipts Carried Forward	\$	1,146,412

FULTON COUNTY
 LESIA LARUE, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Gross Receipts Brought Forward \$ 1,146,412

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 109,871	
Usage Tax	434,963	
Tangible Personal Property Tax	121,600	

Licenses-

Fish and Game	6,453	
Delinquent Tax	8,583	
Legal Process Tax	8,218	
Miscellaneous	824	\$ 690,512

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 33,086	
Delinquent Tax	6,949	
Deed Transfer Tax	14,808	
Occupational Licenses	460	55,303

Payments to Other Districts:

Tangible Personal Property Tax	\$ 240,484	
Delinquent Tax	27,191	267,675

Payments to Sheriff 1,576

Payments to County Attorney 8,764

Operating Disbursements:

Personnel Services-

Deputies Salaries	\$ 39,679	
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Contracted Services-

Advertising	128	
Maintenance Agreement on Equipment	4,278	

Materials and Supplies-

Office Supplies	3,763	
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FULTON COUNTY
 LESIA LARUE, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Disbursements (Continued)

Other Charges-

Conventions and Travel	\$	1,746	
Dues		300	
Postage		2,450	
Making Tax Bills		1,153	
Library and Archives Grant		1,608	
Miscellaneous		114	\$ 55,219

Total Disbursements		\$	1,079,049
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Net Receipts		\$	67,363
Less: Statutory Maximum			53,639

Excess Fees		\$	13,724
Less: Expense Allowance			3,600

Excess Fees Due County for Calendar Year 1999		\$	10,124
Payments to County Treasurer - March 14, 2000	\$	10,090	
Payments to County Treasurer - November 28, 2000		34	10,124

Balance Due at Completion of Audit		\$	0
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The accompanying notes are an integral part of the financial statement.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.28 percent.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of April 9, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$10,870 in 1998. Funds totaling \$1,608 were expended during calendar year 1999. The unexpended grant balance is \$453 as of December 31, 1999.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Harold Garrison, Fulton County Judge/Executive
Honorable Lesia LaRue, Fulton County Clerk
Members of the Fulton County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Fulton County Clerk as of December 31, 1999, and have issued our report thereon dated December 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fulton County Clerk's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fulton County Clerk internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Harold Garrison, Fulton County Judge/Executive
Honorable Lesia LaRue, Fulton County Clerk
Members of the Fulton County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 8, 2000

